

## US EXECUTIVE APPROVAL FORM

### Constellation Energy Group

#### HQAPP Requests:

1. Tech support - 3 year flatline
2. Waive named user minimums for development and test environments; include limited use language
3. Discount hold for 2 years on eBusiness Suite and add-ons at a 50% discount pricing listed below
4. Assignment – modify standard assignment language to allow assignment to any of customer's majority owned subs as listed in the customer definition.

#### TIER 1 Requests:

1. Worst case discounts of 70% for Tech (excluding Collab Suite) and 50% for Ebiz Suite
2. Hold discount for 2 years on all Tech (excluding Collab Suite)

#### TIER 2/3 Requests:

1. Customer definition to include majority owned subs and affiliates as listed on exhibit (Tier 3)
2. Change governing law to Maryland (**legal approval req'd**)
3. Allow assignment to an acquiring entity or to an affiliate of the customer as defined in customer definition

#### Previously approved requests (include date of approval):

1. 5/18/01: Prior transaction: approved changing governing law to MD, assignment language, non-disclosure, support caps and price holds
2. 5/18/01: prior transaction: approved discount of 64.72% on new licenses

#### Deal Summary:

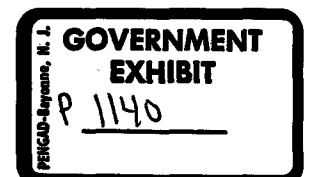
#### Total Deal

Deal Summary	
Programs	E-Business Suite and Tech
License Discount	Apps (50%) (ebiz +25%) & Tech: 70% (ebiz +45%)
Support Discount	Same as license
Support Options/Holds	Hold support increases at 0% for three years
Price Holds	2 years Tech (70%) and EBiz Suite (50%) worst case
List License	2,745,267.90
List Support	549,067.92
Net License	1,258,692.90
Net Support	222,021.42
Net Total Price	1,480,714.60
Price List Used	December 6th E Business Suite

Dec 6<sup>th</sup> pricing is being used because quotes have been presented to customer prior to March 24<sup>th</sup>, 2003.

#### Applications Products:

Deal Summary	
Programs	E-Business Suite



License Discount	50% (ebiz +25%)
Support Discount	50 % (ebiz + 25%)
Support Options/Holds	Hold support increases at 0% for three years
Price Holds	2 years Apps 50%
List License	\$1,021,347.90
List Support	169,805.52
Net License	741,516.90 (this is entirely the 10% upgrade fee which is not being discounted)
Net Support	108,242.70
Net Total Price	849,759.60
Price List Used	December 6th E Business Suite

**Technology Products (worst case numbers – could increase if DB options added)**

Programs	Database EE
License Discount	70% (ebiz +45%)
Support Discount	70 % (ebiz + 45%)
List License	1,723,920.00
List Support	379,262.40
Net License	517,176.00
Net Support	113,778.72
Net Total Price	630,954.72

Customer History - Existing Price Holds	
Existing contractual discount (price hold)	37% ala carte pricing
Date of Price List for price hold	May 2001
When does price hold expire?	5/31/03
Price hold program categories (database, server, erp, crm, hr/payroll, app suite)	Database, Apps ala carte price list
Name of Agreement if applicable	Constellation Power Source

**Justification:**

**Competitive Applications to Peoplesoft**

Constellation Energy Group (CEG) is better known to Oracle as Baltimore Gas & Electric or BG&E. Constellation, the holding Company, has recently gone through broad management changes replacing 5 members of the senior management that have been Oracle Champions in the past. The Oracle sales team has worked through the year to re-establish executive access at Constellation and recently hosted them to a CVC visit in California which included sessions by Jeff Henley and Ken Jacobs. In this reorganization, Accenture consultants have moved to a trusted advisor role. Accenture partners have worked in the past with the senior management team, several of whom came from Enron.

Accenture had provided Constellation with alternative proposals to:

1. Update existing Oracle Applications to a single instance /shared services model
2. Replace Oracle Apps with apps from Peoplesoft

Constellation has made it clear to the Oracle sales team that they expect preferential treatment in pricing and terms, or they will migrate to Peoplesoft as a standard for applications. Constellation has recently made a significant investment in Peoplesoft HR Payroll applications. In Constellation's recent trip to Redwood Shores, the Management team visited Peoplesoft where they were given a proposal to migrate from Oracle Apps to Peoplesoft FinApps and Procurement.

Constellation has responded positively to the concept of the E Business Suite in our proposals, but needs Oracle to follow through with preferential terms to encourage Constellation to deploy a broad footprint of Oracle Applications including iProcurement and Enterprise Asset Management.

The discount requested (50% for applications) is requested exclusively for the purpose of writing the price hold on Applications. Constellation received a 37% buy forward discount on Apps in 2001, and we expect to close the license at or close to this buy forward discount percentage.

The 50% discount requested will have NO EFFECT ON THE APPLICATIONS LICENSE REVENUE OF THIS TRANSACTION. Constellation's prior apps purchases provide them a credit that is almost dollar for dollar equivalent on the Net-to-Net migration calculation. The license fees being charged (\$750k) are exclusively the 10% E Business Suite Migration Uplift.

This remains a competitive decision against Peoplesoft.

### **Technology Competitive Landscape**

In addition to Oracle Applications, CEG uses a number of third party and custom built applications that are based on the Oracle database. However, due to cost issues, CEG has recently decided to begin moving some applications off Oracle and onto SQL Server to save on costs. Specifically, CEG just decided to move one of their legal applications off Oracle and onto SQL Server to save money.

Additionally, they currently have a data warehouse that is built with Business Objects and uses Microsoft's OLAP technology as the back-end. The production data that feeds this data warehouse sits in an Oracle database. CEG uses Microsoft to save money on the license and support costs of the application.

Requesting 70% discount, 70% price holds and three year flatlined support to keep Microsoft from eroding Oracle's presence as the database standard. Additionally, CEG also evaluates which database to select every time they pick a new third party application; the price hold and flatlined support will allow CEG to make an Oracle database decision rather than a Microsoft (or other DB) decision when selecting a packaged).

#### **Recommendation:**

Approve. \$750K from the migration alone!

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R: 05/20/03

C: 05/20/03

L: 05/20/03

A: 05/20/03

BP: swong